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CENTRAL INTELLIGENCE AGENCY  
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## INTELLIGENCE MEMORANDUM

Political Reconstruction in South Korea: A Difficult Road

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SUMMARY

*South Korea is finding the transition to a new government tortuous. The major political parties are riven by dissension; low wages and apparent government disinterest have led to unprecedented work slowdowns and rioting; and students are beginning to demonstrate against what they--and many other South Koreans--see as government unwillingness to expedite the transition process. Most important, however, is the growing public suspicion that the powerful military establishment is bent on manipulating the transition to its advantage and in sharply slowing the pace of political liberalization.*

*Indeed, General Chun Doo Hwan, military strongman and new head of the Korean Central Intelligence Agency (KCIA), has emerged as the most powerful figure in South Korea. The military establishment*

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and most businessmen, whose principal interest is stability, appear to have accepted his appointment to KCIA on the grounds that Korea now needs tough-minded leadership although some have reservations about Chun's style and intentions. The politicians, who see Chun's growing power as a threat to their own aspirations, and the students are opposed. While Chun probably would prefer--at least for the time being--to continue to manipulate the political situation from behind the scenes in hopes of avoiding additional opposition, he also has made it clear that the military would step in if serious instability developed. [REDACTED]

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The combination of a volatile political atmosphere and an ambitious, conservative military leadership appears to be driving South Korea toward more turmoil. The students, disgruntled workers, and others who are criticizing the interim government and the military most loudly seem to be playing into Chun's hands. Their recent call for an immediate end to martial law could provoke the kind of instability that Chun needs to step in. [REDACTED]

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General Chun almost certainly will move in this direction if the situation on the campuses and in the streets gets out of hand. Nonetheless, he probably recognizes the risks involved. Korean military officers view Chun's move to KCIA as the principal factor behind the US postponement of the bilateral security talks originally scheduled for this summer. This, in turn, has created some concern about Chun's ability to manage relations with the US effectively. If Chun were to assume even greater power through the extension of martial law, uneasiness about the prospects for the all-important relationship with Washington could grow. [REDACTED]

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In addition, a military takeover might--at least initially--generate even more chaos in the streets. Fearing that, many within the government would almost certainly urge mollifying the students and others opposed to Chun by removing him before he could seize power. On the other hand, many would argue that a strong hand was needed to control the situation, especially because of the widely held view that North Korea would attempt to take advantage of any drawout disarray. We believe that the military could bring enough force to bear to at least reduce the turmoil and that Chun would be able to maintain his position. [REDACTED]

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The prospects for political liberalization in South Korea will be influenced heavily by both the nature and the outcome of any confrontation. All parties--including Chun--appear to recognize that a return to the excessive controls of the Park era would not be accept-

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able to the Korean people. Neither Chun nor the leaders of the current interim government, however, are likely to permit the kind of liberalization that the students and opposition are demanding. [ ]

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If a confrontation between students and the military can be avoided, the government has a better than even chance of sticking to its transition schedule, which calls for constitutional revision later this year and presidential elections next summer. If a confrontation develops, the entire transition process will be slowed; it is an open question when or whether Chun Doo Hwan would relinquish the authority he would acquire from the resulting turmoil. [ ]

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### Introduction

As President Choi Kyu Hah enters his seventh month as South Korea's chief executive, the political situation is becoming more uncertain and unstable. Students and laborers have begun to demonstrate against the government, calling for an end to martial law and speedier political liberalization. Opposition politicians also are losing patience with what they see as foot-dragging in the government, especially the government's unwillingness to discuss its plans for constitutional revision. Most important, concern is growing that army strongman and KCIA chief Chun Doo Hwan is preparing to use domestic instability as a rationale for seizing control of the government. [ ]

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### Constitutional Revision amid Political Uncertainty

Working under the watchful eye of the military and its leader Lieutenant General Chun Doo Hwan, Choi has pledged to guide the country through the process of revising President Park Chung Hee's authoritarian Yusin constitution and holding new elections for President and the National Assembly. [ ]

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Choi is determined that the government take the lead in constitutional revision, despite protests from the political parties, which have drafted their own document in the National Assembly. Choi has made it clear that he places the emphasis on national security, economic growth and political development--in that order. He has indicated

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also that he is opposed to radical changes in the political system. Moreover, Prime Minister Shin Hyon-hwack's defense of some aspects of the Yusin constitution have led politicians and the public to believe that the government will not greatly modify the current system, or that it will institute a form of government that makes it impossible for liberal democratic forces to assume power. [ ]

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In drafting a new constitution, Choi must balance popular expectations of democratic reform with the need to preserve national security. He clearly hopes to salvage those aspects of the Yusin constitution that provided stability and economic growth, such as a strong executive. At the same time, however, he will have to accede to certain demands for a greater measure of liberalization and a broader-based democratic system. On balance Choi's draft is likely to be conservative and may not measure up to the demands of the liberal opposition. [ ]

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Although popular sentiment appears to favor direct, popular election of the president, many--including President Choi himself--would prefer an indirect election by the National Assembly. This would ensure the election of a conservative candidate acceptable to the military. Such a system--in which the candidate best able to control or buy National Assembly votes would become the President--would be violently opposed by the opposition political forces, students and hardline dissidents. Indeed, an effort to institute such a system--even if it had explicit military backing--might provide more widespread unrest. [ ]

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An alternative would be to institute a "dual executive" system with a relatively weak president and a strong Prime Minister. If the government attempts to press for such a system, a prolonged fight could ensue between the government, on the one hand and the National Assembly and the coalition of political parties on the other. Given Korea's national security considerations, the final document is likely to provide for some kind of strong executive and provisions for emergency powers to deal with internal and external threats. [ ]

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The government's ambiguous attitude toward constitutional revision and its steadfast refusal to make a commitment concerning the basic form of the new government has heightened

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suspensions among political leaders and students. Choi's refusal to set a specific timetable has further raised suspicions and will continue to fuel opposition demands that the government make known its intentions. [ ]

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### Party Politics

Although presidential elections are still at least a year away and the form of government remains undecided, maneuvering for presidential nominations is already dominating party politics. Many Koreans continue to see the pro-government Democratic Republican Party (DRP) as the beneficiary and handmaiden of the Yusin system. Moreover, the government and the military do not appear to support the party and its president, Kim Jong Pil. [ ]

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Kim, one of the architects of the 1961 coup d'etat that brought Park to power, and founder of the KCIA and the DRP, is a consummate politician. He is probably the most experienced and best qualified of the three presidential aspirants. Kim suffers, however, from an image of corruption in his early career and from his close association with the Park government. Although he is the party's obvious choice for presidential candidate, he faces challenges from Yi Hu-rak one of his political rivals, as well as from "young turks" who are attempting to bring about a "purification" of the party by forcing out corrupt elements.

Another threat to Kim Jong Pil's position might come in the form of a new pro-government party. Such a party--supported by the military, big business and the bureaucracy--would presumably be a "reformed" pro-government party that would stand for security, stability and economic growth--Yusin themes couched in new language. Reports that such a party might emerge have been rife since early this year. Forming its nucleus would be members of the Yujonghoe--Park-appointed National Assembly deputies--members of the old National Unification Conference numbering 2,500 persons, and other former government personalities. [ ]

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Although Korean political observers suspect that Choi, Shin and Chun Doo Hwan are privy to and support such efforts, there is no convincing evidence that this is the case.

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Suspensions abound that political funds for the new party were accumulated by illegal means--including foreknowledge of the currency devaluation earlier this year--but the evidence is heavily circumstantial. [REDACTED]

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New Democratic Party (NDP) efforts to nominate a single opposition presidential candidate have so far failed and, in fact, appear to be leading to a deep schism that could only benefit the DRP. Popular dissident Kim Dae Jung--realizing that he would be at a disadvantage as a member of an NDP dominated by party president Kim Young Sam's supporters--has decided not to join the party and is hinting that he might form a second opposition party. [REDACTED]

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Kim Young Sam will continue to appeal for opposition unity behind the NDP, to recruit new members, and to strengthen his grass roots organization. He will refrain from directly attacking his rival and maintain a pose of moderation and reason, but he will attempt to purge Kim Dae Jung's supporters from the NDP or to weaken their influence.

Kim Dae Jung, meanwhile, has already taken steps to form a confederation of opposition figures who may not be willing to support Kim Young Sam. Kim Dae Jung is taking the position that only the out-of-office dissidents who refused to compromise with the Yusin system are the "core of the democratic forces," and is attempting to rally these to his cause. If he finds adequate support he might form another party, but in doing so he risks splitting the opposition forces to the point where the DRP would win in a fair election. [REDACTED]

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Although opposition and majority parties are likely to continue to cooperate in the National Assembly in the interests of forcing the new government to accept a more liberal constitution, this marriage of convenience is not likely to last beyond the constitutional referendum. Should the government submit to referendum a form of government centering on a strong prime minister, the three Kims would in all probability shift their attention to winning election to the National Assembly. [REDACTED]

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The Role of Chun Doo Hwan

Army strongman General Chun Doo Hwan--who last month assumed command of the Korean Central Intelligence Agency (KCIA)--is now clearly the most powerful man in South Korea. Since his takeover of the Army last December, Chun has gradually increased his power and influence, and has filled the power vacuum created by Park's assassination last October. He commands the powerful Defense Security Command and has de facto control over the country's armed forces, exercised through his "core group" supporters and Korean Military Academy (KMA) graduates.

Through his position in the KCIA, Chun enjoys direct access to the President and has an important voice in national security questions, particularly those involving domestic stability and relations with North Korea. President Park used one security agency to balance off the other, but Choi has given up that lever of power by putting Chun in control of both. Choi has thereby made himself even more a captive of Chun and whatever ambitions he might have. [ ]

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Chun almost certainly will play a decisive role in constitutional revision and the election of a new president. Excepting the KCIA, the military has permitted the civilian leadership to carry out the day-to-day administration of the country without direct intervention. The military does, however, exert its influence on civilian decisionmaking and the political process, in part through the direct personal contact that Chun has with the President and the Prime Minister, and in part through the atmosphere of fear and suspicion generated during nearly seven months of martial law. [ ]

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Reaction to Chun's takeover of the KCIA has been mixed. The military has generally supported the move, and business interests and others whose primary concern is economic stability have also welcomed a strong hand at the security helm, although some have misgivings about Chun's style and ambitions. Major presidential aspirants, however, generally regard the young general's rise to power as a threat to their own prospects and to the nation's political liberalization program. Students are highly suspicious of Chun's motives and have begun calling for his ouster. [ ]

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Publicly, Chun has disavowed political ambitions and has reiterated to Americans and Koreans alike that his sole ambition is to become Army Chief of Staff. He has attempted to portray himself as a simple soldier who wishes only to serve his country. To many of his fellow officers, however, he has long been known as a "political general." He probably sees himself as a great patriot and potential national leader in the mold of Park Chung Hee, whom he served closely and whom he regarded as a father figure. Chun may, therefore, regard himself as Park's rightful heir and may believe that it is his mission to preserve and continue the Yusin tradition. [ ]

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Chun's actions so far suggest that eventually he will move to extend his authority even further, although he may have no concrete, long-range game plan. It seems obvious that the longer he retains his absolute control over the military and civilian security organs, the less willing he will be to return to a position of lesser power. [ ]

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What Chun eventually decides to do will be determined--at least in part--by his ability to maintain his support within the military. Although Chun has consolidated his Army support by removing dissident elements, disgruntled officers remain. He does not seem automatically to have his way in his dealings with the military; he is rather considered first among equals, with important decisions being made by a small group of his close supporters in a collegial fashion. As long as this "core" group--which controls the key combat units in and around Seoul--is satisfied with Chun's actions, he has a good chance of retaining his position. [ ]

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Two possible developments could weaken Chun's Army support. First, his support would weaken if it became obvious that he was attempting to expand his powers over the civilian government because of purely personal ambitions. If, however, his act were seen as justifiable because of social or economic instability or a North Korean threat, Chun probably would be able to weather opposition to an extension of his power. Indeed, he has had little difficulty to date in removing pockets of resistance to his growing political strength. Second, Chun's support would weaken if it appeared that the US-ROK security alliance was endangered because of his political maneuvering. [ ]

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The US Government's recent postponement of the annual US-ROK Security Consultative Meeting is recognized by influential South Koreans as a demonstration of US dissatisfaction with Chun's appointment as acting director of the KCIA. So far, however, there is no evidence that Chun's maneuvers are jeopardizing his support in the military. Nonetheless, should a widespread perception arise that the security alliance had been damaged irreparably or that a US troop withdrawal was imminent because of American displeasure with Chun, anti-Chun elements could coalesce and demand his ouster. Faced with such a prospect, Chun probably would move quickly to seize control of the entire government in the name of national security. [REDACTED]

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Many senior military officers might come to regard the US attitude as interference in Korean domestic affairs and rally to Chun's support. Even if widespread dissatisfaction with Chun were to develop, it is doubtful that anti-Chun elements would attempt to press for his removal, given the perception that any armed attempt to remove Chun would be almost certain to lead to a bloody internecine struggle within the military. Chun, meanwhile, probably would continue to attempt to convince the United States that he has no political ambitions and to press for an early rescheduling of the Security Consultative Meeting. It is highly unlikely that he would resign any of his posts in the face of a US threat. [REDACTED]

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For the near term, Chun will probably continue to consolidate his position both in the military and in the civilian sectors. He will continue to purge those officers who do not show him their full support, and to reward those faithful to him. He will proceed with his reforms of the KCIA in a like fashion, removing all older, senior officials who were supporters or proteges of former KCIA chief and Presidential assassin Kim Chae-kyu and replacing them with younger military officers and persons he can trust. Although he has pledged to remove the KCIA from civilian politics, he is more likely to reduce its public visibility while in fact strengthening its position in civilian matters. [REDACTED]

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Over the short run, Chun probably would prefer to remain behind the scenes, influencing civilian decision-

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making by advising President Choi and Prime Minister Shin. If, however, there is a serious disruption of public order or widespread instability, Chun would almost certainly intervene and expand his control of the government. Indeed, the rapid retreat from tight Yusin controls and the lax enforcement of martial law and censorship over the past few months could mean that Chun is deliberately permitting the situation to deteriorate, hoping to demonstrate that the country needs a strong leader and a conservative constitution. Such a deterioration could evoke a sense of disgust among the majority of the population, who would undoubtedly draw parallels with the situation in 1961, when social-political order suffered a near-collapse. [ ]

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The development of a chaotic situation would facilitate a complete military takeover. Civil instability of this magnitude would endanger national security, and a military takeover could be carried out with the concurrence and support of the Korean military, who are already being told through DSC briefings that the situation is as dangerous as that of 1961, when the military staged the coup d'etat that brought Park Chung Hee to power. [ ]

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#### Destabilizing Elements

Students: Government fear of widespread student unrest led the authorities earlier this year to take measures to remove potential student grievances before they could lead to disruptions. The authorities have capitulated to the students on one issue after another. They have virtually dismantled the unpopular Student Defense Corps, which had been used under Park to control student activities; they reinstated hundreds of students who had been expelled from school for their anti-government activities; and they have permitted the students almost unlimited campus autonomy. Moreover, the government and Martial Law Command have followed a policy of nonintervention in on-campus rallies and demonstrations, even though they technically are in violation of martial law decrees. [ ]

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These concessions, however, appear only to have whetted the students' appetite. In mid-April student demonstrations began to shift from campus-related issues to national

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issues, with students demanding the abolition of compulsory military drills. Early this month the demonstrations grew in scope and intensity as students attempting to take their protests into the streets were blocked by riot police in Seoul and other provincial cities. Further escalation of the student demonstrations could lead to more violent encounters. The death of a student at the hands of the police would produce an even more violent confrontation between students and authorities and would dramatically increase the chances of military intervention. [ ]

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Most of the current turmoil is being caused by a small number of hardline student agitators and the majority of the students would prefer to follow a more moderate line. Nonetheless, an emotional issue could spark massive demonstrations against the government. One such issue is the government attitude toward constitutional revision. Students are already criticizing what they perceive as an unresponsive government position on political liberalization. The continuation of martial law also has come in for heavy student criticism. [ ]

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Students also will almost certainly attempt to exploit economic issues, especially labor problems, and the execution of Park's assassin, Kim Chae-kyu, expected later this month. Many students and dissidents regard Kim as a hero and patriot whose deed has returned democracy to Korea. After the Supreme Court upholds Kim's death sentence, the pressure will be on Choi to grant clemency. Student demonstrations demanding clemency for Kim are likely to excite further the tense campus atmosphere as the execution date approaches. [ ]

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Unless student demonstrations become more violent, or move off the campuses into the streets, the government might continue its policy of permitting on-campus rallies and demonstrations without police intervention. The military will be content to let the police handle student demonstrations and will be reluctant to sully the image of the military by using troops to quell student protests. Both the government and the Martial Law Command, however, have issued stern warnings that they will act to prevent further student violence and there is little doubt that there is a limit to military patience. [ ]

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Labor: Although the government has long experience in dealing with student disruptions, it now faces a new, unfamiliar threat from labor turmoil and strikes, which have begun to proliferate. [ ]

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The condition of the South Korean economy, long a source of political strength and stability for the government, has turned against Seoul during this difficult political transition period. Largely due to adverse external developments, inflation and unemployment are on the rise and will continue to increase over the next several months, bringing new demands from labor. In particular, workers have demanded wage increases many times higher than the government guidelines. [ ]

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Compounding the problem is the sudden release of workers' pent-up resentment over labor union collusion with management. Indeed, a bloody labor riot in a coal-mining town in late April may mark a turning point in the tone and direction of the Korean labor movement. Workers now appear ready to protect and expand their interests and rights parallel with political liberalization, and are likely to be bolder in making demands for better treatment, pay, and fringe benefits. [ ]

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Exacerbating the situation is the threat of the Federation of Korean Trade Unions (DKTU) to organize a nationwide struggle committee to force the government to repeal its controversial National Security and Defense Law, which prohibits strikes and calls for binding arbitration in labor disputes. Such open resistance to the government--in the form of mass rallies in major cities throughout the country--is certain to encourage workers to press their demands for higher wages. This new mood in labor-management relations is likely to lead politicians to use the economy as an issue against the government, further encouraging students to join in with workers in anti-government riots. Social activist organizations such as the Urban Industrial Mission--largely quiescent since Park's assassination--might attempt to encourage workers to press for their demands. [ ]

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Fearing that government resistance to worker demands could lead to more bloody confrontations, President Choi seems inclined to settle future wage disputes in favor of the workers. As more unions receive higher wage settle-

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ments, others will be encouraged to raise their demands. This, in turn, will result in a further upsurge of the inflationary spiral. Higher wages would also make it more difficult for Korea to compete internationally with other low-cost labor economies. If strikes proliferate, a decline in foreign investor confidence could have a serious impact on the long-term development of the economy.

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